Alpha IVF (ALPHA MK)

Poised For Regional Breakout

	BUY (Maintained)
Share Price	RM0.33
Target Price	RM0.42
Upside	25.4%

Analyst(s)
Philip Wong
philipwong@uobkayhian.com
(603) 2147 1996

Highlights

- Alpha IVF is set to broaden its established footprint across Malaysia and into neighbouring countries; the recent rollout of a new facility offers a glimpse of what lies ahead.
- Expansion off a low base underpins our forecast of a robust three-year earnings CAGR of 29.0% (FY25-28).
- Maintain BUY with a higher target price of RM0.42 (previously RM0.35) alongside an improved risk-on environment, pegged to its peer average.

Analysis

- **Proof is in the pudding.** Alpha IVF's latest centre, Alhaya, which began operations in Apr 24, delivered a net profit of RM3m while replicating group-level clinical success rates. Impressively, Alhaya achieved breakeven in its very first month — a performance consistent with Alpha Singapore — highlighting the group's ability to successfully replicate its model across regions, including its upcoming expansions in the Philippines and Indonesia. Supported by a capex-light model, industry-leading lab capabilities, strong revenue intensity (exceeding RM50,000 per oocyte pick-up), and the onboarding of reputable IVF specialists with established patient bases, Alpha IVF is well-positioned to accelerate the ramp-up of new centres while minimising execution risk.
- **Pearl of new life.** Two new facilities are due to be established in the Philippines in FY26 — one in Quezon City, Metro Manila (2QFY26) and another in Tuguegarao, Northern Luzon (4QFY26). These regions, with catchment populations of approximately 20m and 23m respectively, are currently underserved by only a handful of IVF providers. Each facility has already secured at least three highly established IVF specialists. Following the successful Alhaya model — leveraging Alpha IVF's leading lab capabilities and the specialists' patient base — we expect both centres to achieve near-immediate breakeven. While we anticipate breakeven within the first few months, we err on the side of caution to conservatively assume breakeven within the first year.

Key Financials

Year to 31 May (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	167.6	176.8	234.1	310.3	397.2
EBITDA	77.5	80.0	106.0	141.7	184.8
Operating profit	69.9	70.8	93.4	126.2	168.5
Net profit (rep./act.)	54.8	57.4	69.9	92.6	122.5
Net profit (adj.)	54.8	57.4	69.9	92.6	122.5
EPS	1.1	1.2	1.4	1.9	2.5
PE	28.8	27.5	22.6	17.3	13.1
P/B	8.4	8.0	7.2	6.5	5.7
EV/EBITDA	18.6	17.9	13.8	10.3	7.7
Dividend yield	1.4	3.1	3.1	4.0	5.4
Net margin	32.7	32.5	29.8	29.8	30.8
Net debt/(cash) to equity	(77.1)	(78.7)	(60.7)	(65.3)	(76.3)
Interest cover	95.5	73.8	215.5	288.1	375.8
ROE	28.4	23.9	27.8	34.9	43.2
Consensus net profit	n.a	n.a	69.0	87.8	108.5
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.1

Source: Alpha IVF, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	**Healthcare**
Bloomberg ticker	ALPHA MK
Shares issued (m)	4,860.0
Market cap (RMm)	1,628.1
Market cap (US$m)	386.0
3-mth avg daily t'over (US$m)	0.2

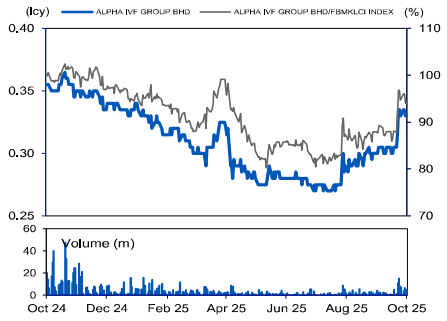
Price Performance (%)

52-week high/low				RM0.32/RM0.32
1mth	3mth	6mth	1yr	YTD
11.7	21.8	3.1	(8.2)	(1.5)

Major Shareholders

	%
Dato' Dr. Lee Soon Soo	43.2
FY26 NAV/Share (HK$)	0.05
FY26 Net Debt/Share (HK$)	0.02

Price Chart



Source: Bloomberg

Company Description

Renowned fertility treatment provider with fertility centres in the ASEAN region, set up and operated by leading doctors and embryologists responsible for numerous fertility achievements both in the region and worldwide.

- **Expanding Malaysia footprint to Sabah and Johor.** In FY26, Malaysia will see the addition of two new IVF facilities in Sabah and Johor. The Johor site is strategically positioned just a six-minute walk from the Customs, Immigration and Quarantine Complex, offering a cost-efficient alternative to Singapore. Crucially, Malaysian IVF centres can perform preimplantation genetic testing, enabling higher clinical success rates and a more cost-efficient alternative to Singapore counterparts. Meanwhile, the Sabah centre will also provide laparoscopy procedures, expected to be highly accretive to operations. IVF specialists for both sites have already been secured and are undergoing training, with operations scheduled to commence in 2QFY26 (Sabah) and 4QFY26 (Johor).
- **Strengthening presence in Indonesia.** Indonesia has seen the addition of two satellite clinics over the past three months, both of which have reportedly achieved breakeven. The expansion continues, with two more satellite clinics scheduled to launch by end-26. Unlike full-fledged IVF centres, these satellite clinics serve as front-end hubs for patient referrals to Alpha IVF's main centres in Kuala Lumpur and Penang, and also support follow-up treatments. Additionally, Indonesia's first IVF facility under the group will be established in Sanur, Bali, and is expected to commence operations in early-27.

Valuation/Recommendation

- **Maintain BUY with a higher target price of RM0.42 (from RM0.35).** In light of the improved risk-on environment, we raise our PE peg to 24x (from 20x), keeping it broadly in line with peers. While there is a compelling case for Alpha IVF to command a valuation premium, given its industry-leading clinical success rates, stronger growth prospects and superior margins, we believe execution of its overseas expansion will be critical to a premium.

Earnings Revision/Risk

- **No changes to earnings.** Key downside risks are the execution of new facilities, reputation risk, and key personnel concentration risk.

Share Price Catalyst

- **Multitude of growth engines.** The next few quarters are expected to deliver robust momentum, supported by: a) higher patient volumes from China following the establishment of sales representative offices in Shanghai and Guangzhou, underpinning a targeted 30% yoy increase in FY26; b) the rollout of two satellite clinics in Jakarta, followed by two additional clinics across Indonesia; c) the opening of four new IVF facilities across the Philippines (Metro Manila and Northern Luzon) and Malaysia (Sabah and Johor); and d) the launch of a Bali facility in early-FY27. These additions will materially expand the group's footprint, up from a low base of just four existing IVF centres, providing strong visibility for sustained growth.

Key Assumptions

	FY26F	FY27F	FY28F
Revenue (RMm)	**234.1**	**310.3**	**397.2**
Growth yoy (%)	32.4	32.6	28.0
Number of OPU			
Existing Centre OPU	3341	3408	3442
Growth yoy (%)	4.6	2.0	1.0
New Centres OPU	906	2356	3980
Growth yoy (%)	340	160	69
Total OPU	4247	5764	7422
Growth yoy (%)	25.0	35.7	28.8
Blended Revenue per OPU (RM'000)	**51.8**	**50.6**	**50.3**
Growth yoy (%)	-0.4	-2.3	-0.6

Source: UOB Kay Hian

Growth And Margin Outlook

	FY26F	FY27F	FY28F
Revenue (RMm)	**234.1**	**310.3**	**397.2**
Growth yoy (%)	32.4	32.6	28.0
EBITDA (RMm)	**112.4**	**148.1**	**191.3**
Growth yoy (%)	30.1	31.8	29.1
Core PATAMI (RMm)	**69.9**	**92.6**	**122.5**
Growth yoy (%)	21.6	32.5	32.3
EBITDA Margin (%)	46.6	46.7	48.1
Core PATAMI Margin (%)	28.9	29.3	30.8

Source: UOB Kay Hian

Asia-based IVF Peer Comparison

Name	Ticker	Price @ 1 Oct 25 (LC)	Mrkt Cap (USD)	PE		EV/Ebitda (x)		P/B (x)	DY (%)	EPS CAGR (2024-27)
				CY25	CY26	CY25	CY26	CY25	CY26	
ASIA IVF Providers										
MONASH IVF GROUP	MVF AU	0.70	172	12.0	12.2	6.7	7.0	1.1	5.5	-11.1
SAFE FERTILITY	SAFE TB	7.25	69	17.1	15.5	2.9	3.3	1.3	4.4	-4.8
JINXIN FERTILITY	1951 HK	2.86	1002	-15.5	26.8	13.5	12.8	0.9	0.5	-8.6
BUNDAMEDIK	BMHS IJ	168.00	85	56.6	39.0	12.0	10.1	1.8	0.3	58.7
GENESIS FERTILITY	GFC TB	3.16	21	26.0	22.3	5.5	8.4	3.6	1.5	-19.0
ASIA IVF PROVIDERS AVG.			**270**	**19.2**	**23.2**	**8.1**	**8.3**	**1.7**	**2.4**	**3.0**
ALPHA IVF	**ALPHA MK**	**0.33**	**380**	**21.4**	**16.7**	**14.3**	**11.0**	**7.4**	**4.2**	**25.0**

Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 May (RMm)	2025	2026F	2027F	2028F
Net turnover	**177**	**234**	**310**	**397**
EBITDA	80	106	142	185
Deprec. & amort.	9	13	16	16
EBIT	71	93	126	169
Total other non-operating income	6	6	6	6
Associate contributions	0	0	0	0
Net interest income/(expense)	(1)	0	0	0
Pre-tax profit	**76**	**99**	**132**	**174**
Tax	(18)	(23)	(30)	(40)
Minorities	(1)	(7)	(9)	(12)
Net profit	**57**	**70**	**93**	**122**
Net profit (adj.)	57	70	93	122

Balance Sheet

Year to 31 May (RMm)	2025	2026F	2027F	2028F
Fixed assets	36	108	112	101
Other LT assets	41	41	41	41
Cash/ST investment	156	137	165	221
Other current assets	18	11	15	19
Total assets	**251**	**298**	**334**	**382**
ST debt	0	1	1	1
Other current liabilities	24	50	51	52
LT debt	0	3	3	3
Other LT liabilities	23	12	10	9
Shareholders' equity	198	219	247	284
Minority interest	6	13	22	33
Total liabilities & equity	**251**	**298**	**334**	**382**

Cash Flow

Year to 31 May (RMm)	2025	2026F	2027F	2028F
Operating	**55**	**76**	**103**	**135**
Pre-tax profit	72	99	132	174
Tax	(18)	(23)	(30)	(40)
Deprec. & amort.	6	13	16	16
Associates	0	0	0	0
Working capital changes	(5)	(6)	(3)	(3)
Other operating cashflows	0	(7)	(11)	(13)
Investing	**(2)**	**(47)**	**(8)**	**8**
Capex (growth)	(7)	(55)	(20)	(5)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	6	8	12	13
Financing	**(47)**	**(47)**	**(67)**	**(88)**
Dividend payments	(46)	(49)	(65)	(86)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	0	3	0	0
Others/interest paid	(1)	(1)	(2)	(2)
Net cash inflow (outflow)	**6**	**(19)**	**28**	**55**
Beginning cash & cash equivalent	**151**	**156**	**137**	**165**
Changes due to forex impact	(1)	0	0	0
Ending cash & cash equivalent	**156**	**137**	**165**	**221**

Key Metrics

Year to 31 May (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	45.2	45.3	45.7	46.5
Pre-tax margin	43.0	42.4	42.9	44.4
Net margin	32.5	29.8	30.2	31.3
ROA	18.2	20.6	26.1	32.6
ROE	23.9	27.8	35.3	43.9
Growth				
Turnover	5.5	26.5	34.0	26.7
EBITDA	3.4	30.5	34.5	29.3
Pre-tax profit	3.0	30.2	34.8	31.2
Net profit	4.8	21.1	34.6	31.3
Net profit (adj.)	4.8	21.1	34.6	31.3
EPS	4.8	21.1	34.6	31.3
Leverage				
Debt to total capital	0.0	1.9	1.6	1.4
Debt to equity	0.0	2.0	1.8	1.5
Net debt/(cash) to equity	(78.7)	(60.7)	(65.3)	(76.3)
Interest cover	73.8	215.5	0.0	0.0

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